

## **Exhibit "3"**



## CHUBB GROUP OF INSURANCE COMPANIES

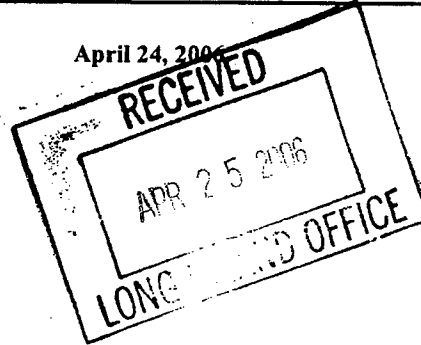
Sears Tower, Suite 4700, 233 South Wacker Drive, Chicago, Illinois 60606-6303 Phone: (312) 454-4200

Attn: Robert Link

Policy: 1133160301

Insured: Kayvan and Yasmine Hakim

Writing Co: Great Northern Insurance Company



I certify that the above mentioned, enclosed policy is a true and accurate copy.

Yours truly,  
Chubb & Son  
A Division of Federal Insurance Company

By:

Theresa R. Zarrello  
Personal Lines Service Branch

**Masterpiece®****Premium Summary  
Renewal**

KAYVAN AND YASSMINE HAKIM  
410 EAST 57TH STREET #10A  
NEW YORK, NY 10022-3059

Page 1  
Effective Date 12/12/97  
Policy no. 11331603-01  
Policy period 12/12/97 to 12/12/98  
Producer name MINKLER INSURANCE AGENCY, INC.

We are pleased to enclose your Chubb Masterpiece Policy, customized to provide the coverage you requested.

This chart shows at a glance what coverages you have and the related premiums.

	Property covered	Coverage	Premium
<b>Homes and Contents</b>	COOPERATIVE AT 410 EAST 57TH STREET #10A NEW YORK, NY	CONTENTS, LIABILITY, ADDITIONS AND ALTERATIONS	\$ 1,222.00
	HOUSE AT 13 NICKELSON ROAD SOUTH EGREMONT, MA	HOME, CONTENTS, LIABILITY	\$ 577.00
<b>Vehicles</b>	1995 FORD	EXCESS LIABILITY	\$ 319.00
	1971 MERCEDES	EXCESS LIABILITY	\$ 200.00
<b>Total Premium</b>			<b>\$ 2,318.00</b>

Your policy includes a Coverage Summary and policy provisions that explain your coverage in more detail.

You will shortly receive a statement and bill. If you choose one of our convenient installment plans, your payments will be slightly higher than the premium shown above because of the small service charge.

You now own one of the most highly regarded insurance policies. We stand behind each of our policies with the same personal service that is the hallmark of the Chubb Group of Insurance Companies.

**Masterpiece®****Table of Contents****Name and address of insured**

KAYVAN AND YASSMINE HAKIM  
410 EAST 57TH STREET #10A  
NEW YORK, NY 10022-3059

**Effective date** 12/12/97**Policy no.** 11331603-01

**Issued by** Great Northern Insurance Company  
a stock insurance company  
incorporated in Minnesota

**Policy period** 12/12/97 to 12/12/98

**If you have any questions, please contact**  
MINKLER INSURANCE AGENCY, INC.  
P. O. BOX 57  
STOCKBRIDGE, MA 01262  
413-298-3741

This table of contents lists your policy provisions. Please attach this table of contents to your policy so you have a current list of your coverages at all times.

**Contents**

<b>Chapter</b>	<b>Edition Date</b>	<b>State</b>	<b>Page</b>
Introduction			A-1
Deluxe House Coverage	08/97	MASS	B-1
Deluxe Contents Coverage	08/97	MASS	C-1
Deluxe Cooperative Coverage	04/94	N Y	J-1
Personal Liability Coverage	04/94	N Y	T-1
Excess Liability Coverage	01/95	N Y	W-1
Policy Terms	03/97	N Y	Y-1

**Masterpiece®****Coverage Summary  
Renewal****Name and address of Insured**

KAYVAN AND YASSMINE HAKIM  
410 EAST 57TH STREET #10A  
NEW YORK, NY 10022-3059

**Page 1****Effective date** 12/12/97**Policy no.** 11331603-01

**Issued by** Great Northern Insurance Company  
a stock insurance company  
incorporated in Minnesota

**Policy period** 12/12/97 to 12/12/98

**If you have any questions, please contact**  
MINKLER INSURANCE AGENCY, INC.  
P. O. BOX 57  
STOCKBRIDGE, MA 01262  
413-298-3741

This Coverage Summary is part of your policy. **PLEASE READ YOUR POLICY CAREFULLY, INCLUDING THIS COVERAGE SUMMARY, FOR A COMPLETE DESCRIPTION OF YOUR COVERAGES.**

**Homes and Contents**

Your policy provides coverage against physical loss if your home or its contents are damaged, destroyed, or lost. The kinds of losses that are covered, and any special limits that apply, are explained in detail in the policy.

Address	Dwelling	Contents
COOPERATIVE AT 410 EAST 57TH STREET #10A NEW YORK, NY		\$182,000 DELUXE COVERAGE  REPLACEMENT COST
HOUSE AT 13 NICKELSON ROAD SOUTH EGREMONT, MA	\$209,000 DELUXE COVERAGE  EXTENDED REPLACEMENT COST	\$104,500 DELUXE COVERAGE  REPLACEMENT COST

The base deductible for each occurrence is \$500. We will waive the base deductible for covered losses of more than \$50,000 except for covered losses subject to any special deductibles. Special deductibles include the vacant house deductible, wind or hail deductible, and earthquake deductible.

**Additional coverages or conditions****Additions and alterations**

You also have in addition to the standard 10% of your contents value \$55,000 of Additions and Alterations coverage for your residence at  
410 EAST 57TH STREET #10A, NEW YORK, NY.

Page 2

Effective date 12/12/97

Policy no. 11331603-01

Name KAYVAN AND YASSMINE HAKIM

## Liability

Amount of liability coverage: **\$2,000,000.**

This is the total amount of your liability coverage. It applies to all property for which you have liability coverage, as shown in the following chart.

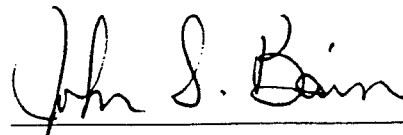
Your liability coverage covers damages for which you are legally responsible. For each occurrence, we will pay up to the amount of your liability coverage, as explained in your policy.

However, when you have **excess** liability only, we will pay for a covered loss **only** after the loss exceeds the required primary underlying insurance shown in your policy. This applies whether you have other liability coverage provided under a separate policy with us or by another insurance company.

Home	COOPERATIVE AT 410 EAST 57TH STREET #10A NEW YORK, NY	PERSONAL LIABILITY
	HOUSE AT 13 NICKELSON ROAD SOUTH EGREMONT, MA	PERSONAL LIABILITY
Vehicle	1995 FORD	EXCESS LIABILITY ONLY
	1971 MERCEDES	EXCESS LIABILITY ONLY

Whenever vehicles are shown we have included the type of Uninsured or Supplementary Uninsured Motorists (UM/Supp UM) coverage you have selected. For vehicles where no UM/Supp UM appears there is no coverage. The amount of UM/Supp UM is determined by where the vehicle is garaged, which appears in the Mandated Coverages Section.

As the duly authorized representative of the company my signature validates this policy.



Authorized representative

**Masterpiece®****Rate Sheet****Name and address of Insured**

KAYVAN AND YASSMINE HAKIM  
 410 EAST 57TH STREET #10A  
 NEW YORK, NY 10022-3059

**Page 1****Effective Date** 12/12/97**Policy no.** 11331603-01**Issued by** Great Northern Insurance Company**Inception date** 12/12/97**Subproducer number** 000**Home and Contents**

		<b>Location no.1</b>	<b>Location no.2</b>
<b>Basic premium</b>	<b>Coverage</b>		DELUXE HOUSE \$209,000
		DELUXE COOPERATIVE \$182,000	DELUXE CONTENTS \$104,500
		PERSONAL LIABILITY \$2,000,000	PERSONAL LIABILITY \$2,000,000
	Deductible	\$500	\$500
	Territory	018	050
	Burglar alarm	YES	YES
	Fire station within 5 miles	YES	YES
	Fire hydrant 1000 feet	YES	YES
	Fire alarm	YES	YES
	<b>Basic premium</b>	<b>\$1012</b>	<b>\$563</b>
<b>Percent adjustments</b>	Fire resistive credit	-7.0%	
	<b>Net percent adjustment</b>	<b>-7.0%</b>	
	<b>Adjusted basic premium</b>	<b>\$941</b>	<b>\$563</b>
<b>Dollar adjustments</b>	Liability surcharge	+\$72	+\$14
	Workers' compensation premium	+\$3	\$0
	Additions and alterations surcharge	( \$55,000) +\$206	\$0
	<b>Net dollar adjustment</b>	<b>+\$281</b>	<b>+\$14</b>
	<b>Adjusted premium</b>	<b>\$1222</b>	<b>\$577</b>
<b>Home and contents premium</b>		<b>+\$1222.00</b>	<b>+\$577.00</b>

Page 2

Effective Date 12/12/97

Policy no. 11331603-01

Name KAYVAN AND YASSMINE HAKIM

## Vehicles

		Vehicle no.1	Vehicle no.2
Basic premium	Coverage	EXCESS LIABILITY \$2,000,000	EXCESS LIABILITY \$2,000,000
Dollar adjustments	Liability surcharge	+\$319	+\$200
	Net dollar adjustment	+\$319	+\$200
Vehicles premium		+\$319.00	+\$200.00
Total net premium			\$2,318.00



**Masterpiece®**

This is your Chubb Masterpiece Policy. Together with your Coverage Summary, it explains your coverages and other conditions of your insurance in detail.

This policy is a contract between you and us. **READ YOUR POLICY CAREFULLY** and keep it in a safe place.

---

## **Agreement**

We agree to provide the insurance described in this policy in return for your premium and compliance with the policy conditions.

---

## **Definitions**

In this policy, we use words in their plain English meaning. Words with special meanings are defined in the part of the policy where they are used. The few defined terms used throughout the policy are defined here:

**You** means the person named in the Coverage Summary, and a spouse who lives with that person.

**We and us** mean the insurance company named in the Coverage Summary.

**Family member** means your relative who lives with you, or any other person under 25 in your care or your relative's care who lives with you.

**Policy** means your entire Masterpiece Policy, including the Coverage Summary and any Mortgagee's Coverage Summary.

**Coverage Summary** means the most recent Coverage Summary we issued to you, including any subsequent Coverage Updates.

**Occurrence** means a loss or accident to which this insurance applies occurring within the policy period. Continuous or repeated exposure to substantially the same general conditions unless excluded is considered to be one occurrence.

**Business** means any employment, trade, occupation, profession, or farm operation including the raising or care of animals.

**Masterpiece®****Deluxe House  
Coverage**

This part of your Masterpiece Policy provides you with coverage against all risk of physical loss to your house unless stated otherwise or an exclusion applies.

"House" means the main one to four family dwelling at each Massachusetts location with Deluxe House Coverage shown in the Coverage Summary.

---

## **Payment for a Loss**

### **Amount of coverage**

The amount of coverage for each house for each occurrence is shown in the Coverage Summary. At the time of a covered loss, the amount of coverage for your house will be adjusted to include any increase in the United States Consumer Price Index calculated from the beginning of the policy period.

To help you and us agree on the appropriate amount of coverage, we may, but are not obligated to, conduct appraisals of your house and also make periodic adjustments to the amount of coverage. To maintain an appropriate amount of coverage, it is your duty to advise us of additions, alterations or renovations to your house.

### **Deductibles**

A deductible is that amount we will subtract from the amount of a covered loss we pay. Either the base deductible listed in the Coverage Summary or one of the special deductibles applies to each occurrence, unless stated otherwise.

**Vacant house deductible.** In lieu of the base deductible, a 5% vacant house special deductible applies to each occurrence if your house has been substantially empty of furnishings and contents for more than 30 consecutive days at the time of a covered loss, and you did not notify us it would be vacant. This deductible applies to your house, contents and extra coverages. The dollar amount of this deductible is equal to 5% of the amount of coverage for the house at the time of a covered loss. However, if the dollar amount of the base deductible is greater than the dollar amount of the vacant house deductible, the base deductible applies.

### **Payment basis**

Your Coverage Summary indicates the payment basis for each house.

"Reconstruction cost" means the lesser of the amount required at the time of loss to repair, replace or rebuild, at the same location, your house or any other permanent structure, using like design, and materials and workmanship of comparable kind and quality.

"Reconstruction cost" does not include any amount required for:

- the excavation, replacement or stabilization of land under or around your house or any other permanent structure;
- conforming to any law or ordinance that regulates the repair, replacement, rebuilding or demolition of your house or any other permanent structure; or
- removing the debris of a covered loss or the property that caused a covered loss.

**Extended replacement cost.** If the payment basis is extended replacement cost, we will pay the reconstruction cost even if this amount is greater than the amount of coverage shown in your policy.

---

## **Payment for a Loss**

(continued)

Extended replacement cost is provided on the condition that you maintain at least the amount of coverage for your house as previously agreed to, including any adjustments by us based on appraisals, revaluations and annual adjustments for inflation.

This payment basis is subject to the following limitations:

- If you have a covered partial loss to your house or other permanent structure and do not begin to repair, replace or rebuild the lost or damaged property within 180 days from the date of loss, we will only pay the reconstruction cost, less depreciation.
- If you do not repair, replace or rebuild your house or other permanent structure at the same location or some other location within the Commonwealth of Massachusetts within two years from the date of loss, the payment basis will be verified replacement cost.
- If at any time during any policy period of this coverage:
  - you are newly constructing your house or an other permanent structure; or
  - you are constructing additions, alterations, or renovations to your house or an other permanent structure that results in your living out of the house during any part of the construction,your payment basis for your house or other permanent structures will be conditional replacement cost. Conditional replacement cost will remain your payment basis until construction is completed and you and we agree on the appropriate amount of coverage for your house or other permanent structures.

**Your duty:** To reduce the possibility of being underinsured, you must notify your agent or broker at the beginning of construction so that the amount of coverage for your house or other permanent structures can be adjusted to reflect the proper reconstruction cost.

- If you cannot repair, replace or rebuild your house because your primary mortgagee or its assignees has recalled your mortgage, we will pay up to the amount of coverage shown in the Coverage Summary for your house, minus what is due to the mortgagee.

**Verified replacement cost.** If the payment basis is verified replacement cost, we will pay the reconstruction cost of:

- your house up to the amount of coverage shown in the Coverage Summary; and
- other permanent structures up to the amount of coverage for other permanent structures.

Verified replacement cost is provided on the condition that you maintain at least 90% of the full amount of coverage we recommend for your house, including any adjustments by us based on appraisals, revaluations and annual adjustments for inflation.

If you have a covered partial loss to your house or an other permanent structure, and do not begin to repair, replace or rebuild the lost or damaged property within 180 days from the date of loss, we will only pay the reconstruction cost less depreciation.

---

If you do not repair, replace or rebuild the damaged building at the same location or some other location within the Commonwealth of Massachusetts within two years from the date of loss, our payment will be the reconstruction cost less depreciation, up to the amount of coverage shown in the policy.

If you cannot repair, replace, or rebuild your house because your primary mortgagee or its assignees has recalled your mortgage, we will pay up to the amount of coverage shown in the Coverage Summary for your house minus what is due to the mortgagee.



---

## **Payment for a Loss**

(continued)

**Conditional replacement cost.** If the payment basis is conditional replacement cost, our payment will be the greater of the following:

- the reconstruction cost less depreciation; or
  - the proportion of the covered loss to your house or other permanent structure determined by dividing the amount of coverage for your house as shown in the Coverage Summary, by 80% of the amount required to rebuild your entire house.
- However, our payment will not exceed the lesser of:
- the reconstruction cost; or
  - the amount of coverage for your house as shown in the Coverage Summary or the amount of coverage for other permanent structures.

If you have a covered partial loss to your house or an other permanent structure, and do not begin to repair, replace or rebuild the lost or damaged property within 180 days from the date of loss, our payment will be the lesser of the following:

- the reconstruction cost less depreciation; or
  - the proportion of the covered loss to your house or other permanent structure determined by dividing the amount of coverage for your house as shown in the Coverage Summary by 80% of the amount required to rebuild your entire house.
- However, our payment will not exceed the lesser of:
- the reconstruction cost; or
  - the amount of coverage for your house as shown in the Coverage Summary or the amount of coverage for other permanent structures.

If you do not repair, replace or rebuild your house or other permanent structure at the same location or some other location within the Commonwealth of Massachusetts within two years from the date of loss, our payment will be the lesser of the following:

- the reconstruction cost less depreciation; or
  - the proportion of the covered loss to your house or other permanent structure determined by dividing the amount of coverage for your house as shown in the Coverage Summary by 80% of the amount required to rebuild your entire house.
- However, our payment will not exceed the lesser of:
- the reconstruction cost; or
  - the amount of coverage for your house as shown in the Coverage Summary or the amount of coverage for other permanent structures.

---

## **Deluxe House Coverage**

In Deluxe House Coverage, a "covered loss" includes **all risk** of physical loss to your house or other property covered under this part of your Masterpiece Policy, unless stated otherwise or an exclusion applies. Exclusions to this coverage are described in **Exclusions**.

---

## **Extra Coverages**

In addition to covering the physical loss to your house, we also provide many related coverages. These payments are in addition to the amount of coverage for your house unless stated otherwise or an exclusion applies. All deductibles apply to Extra Coverages unless stated otherwise. Exclusions to these coverages are described in **Exclusions**.

### **Other permanent structures**

We cover other permanent structures on the grounds of your house. For each occurrence, we will pay up to a total of 20% of the amount of house coverage for the location at which a covered loss to these structures occurs, plus any additional amount of coverage shown in the Coverage Summary for "other permanent structures" at this location. The same payment basis applies to other permanent structures as to the house itself.

### **Additional living expenses**

As described below, under certain conditions when your house cannot be lived in, we provide coverage for additional living expenses which consist of extra living expenses, loss of fair rental value and forced evacuation expenses. There is no deductible for this coverage.

**Extra living expenses.** If your house cannot be lived in because of a covered loss, we cover the reasonable increase in your normal living expenses that is necessary to maintain your household's usual standard of living. We cover this increase for the reasonable amount of time required to repair, replace or rebuild your house, or if you permanently relocate, the shortest amount of time required for your household to settle elsewhere. This period of time is not limited by the expiration of this policy.

**Fair rental value.** If part of your house which you usually rent to others cannot be lived in because of a covered loss, we cover its fair rental value for the reasonable amount of time required to repair, replace or rebuild the part of the house rented or held for rental, during the period of time it is usually rented. This period of time is not limited by the expiration of this policy.

**Forced evacuation expenses.** If your house cannot be lived in because a civil authority prohibits you from using it, we cover the reasonable increase in your normal living expenses that is necessary to maintain your household's usual standard of living. We also cover any loss in fair rental value if your house is usually held for rental, but we do not cover any loss of rents due to cancellation of a lease or agreement. The prohibition must be a direct result of a loss to neighboring premises that would be a covered loss under this policy. We cover these forced evacuation expenses for up to 30 days, even if the policy period ends during that time.

**Deluxe House  
Coverage**

---

**Extra Coverages**

(continued)

**Tenants Relocation Expense**

This coverage is required by Massachusetts law. This policy provides relocation expense benefits as follows:

When a rented living quarters in a building covered by this policy is uninhabitable as a result of a loss by fire, this policy covers relocation expense incurred by the tenant or lawful occupant to relocate to other living quarters in the shortest possible time.

"Relocation expense" means documented, reasonable and necessary:

- costs of packing, insuring, storing and carting household goods;
- costs of securing new utility services less refunds from discontinued services at the damaged premises;
- costs of searching for other quarters;
- additional living expenses while searching for or awaiting possession of other quarters or the restoration of existing quarters.

Commencing with the date of damage to the covered building and not limited by the expiration date of this policy.

"Relocation expense" does not mean:

- loss caused by the termination of a lease or other agreement;
- security deposits or other payments made to the landlord or lessor of other quarters;
- down payments; legal fees and closing costs incidental to the purchase of other quarters.

"Rented living quarters" means room, suite of rooms or apartment rented as a single residential unit by one or more persons.

"Rented living quarters" does not mean one or more rooms occupied by one or more persons as roomers in a hotel, motel, public or private lodging or rooming house where the premises are occupied on a transient basis.

**Amount of coverage**

The amount of coverage for relocation expense under this policy is limited to not more than \$750 for a rented living quarters.

The deductible does not apply to the relocation expense coverage.

**Other insurance**

- If at the time of the loss, the tenant or lawful occupant has other insurance that covers relocation expense, we shall not be liable for any loss under this coverage until the amount of other insurance has been exhausted;
- If you have other insurance that covers relocation expense, payment under this policy will be prorated with such insurance for the smaller of the incurred relocation expense or \$750 all after application of the other insurance of the tenant or lawful occupant.



---

## **Extra Coverages**

(continued)

### **Loss settlement**

The claims of all persons occupying the rented living quarters will be settled with and payment made to the tenant or lawful occupant renting the quarters from the building owners or lessor.

All other provisions of this policy remain unchanged.

### **Land**

Whenever there is a covered loss to your house or other permanent structure and the related repair or rebuilding requires excavation, replacement, or stabilization of land under or around your house or other permanent structure, we will also pay up to 10% of the amount of the covered loss to your house or other permanent structure for the excavation, replacement, or stabilization of the land.

### **Landscaping**

We cover trees, shrubs, plants, and lawns at your house against certain kinds of perils. These are fire, lightning, explosion, civil disturbance, vandalism, malicious mischief, theft, and loss caused by a vehicle or aircraft.

We will pay up to a total of 5% of the amount of coverage for the house at which the loss occurs, but not more than \$1,000 for any one tree, shrub, or plant. If your payment basis is extended replacement cost, the 5% is applied to the increased amount of coverage.

This extra coverage applies only if you begin to repair or replace the lost or damaged property within 180 days of the date of loss.

### **Fire department charges**

If a fire department located outside of your city, municipality, or protection district is called to protect your house or its grounds against a covered loss, we will pay up to \$500 for any charges imposed by law or assumed by written agreement. There is no deductible for this coverage.

### **Lock replacement**

If the keys to your house are lost or stolen, we will pay the cost of replacing the locks, up to \$500. But you must notify us in writing within 72 hours of discovering the loss. There is no deductible for this coverage.

### **Debris removal**

We cover the reasonable expenses you incur to remove debris of a covered loss and of the property that caused a covered loss.

---

### **Precautionary repairs**

We cover the reasonable expenses you incur for necessary repairs to protect your house against further damage after a covered loss. These payments do not increase the amount of coverage for your house.

**Deluxe House  
Coverage**

---

**Extra Coverages**

(continued)

**Construction materials**

We cover the materials and supplies owned by you on the grounds of your house for use in the construction, alteration, and repair of your house or other permanent structures. These payments apply only to a covered loss, and they do not increase the amount of coverage for your house or other permanent structures.

**Rebuilding to code**

After a covered loss, we cover the cost of conforming to any law or ordinance that regulates the repair, replacement, rebuilding or demolition of your house or other permanent structure made necessary by the covered loss.

This coverage does not apply unless you repair, replace, or rebuild your house or other permanent structure at the same location. The same payment basis applies to rebuilding to code as to the house itself.

**Mine subsidence**

We cover your house and other permanent structures on the grounds of your house against direct loss caused by mine subsidence.

Mine subsidence means loss caused by lateral or vertical movement of a man-made underground mine or underground mine related excavations including any resulting collapse of your house or other permanent structures on the grounds of your house, including but not limited to coal, clay, limestone, and fluorspar mines. Mine subsidence does not mean loss caused by collapse of storm and sewer drains, and rapid transit tunnels.

The amount of coverage is limited to the amount shown in the Coverage Summary.

The exclusions of loss caused by structural movement, and earth movement in this policy do not apply to mine subsidence.

---

**Exclusions**

These exclusions apply to your Deluxe House Coverage, including the Extra Coverages, unless stated otherwise.

The words "caused by" mean any loss that is contributed to, made worse by, or in any way results from that peril.

**Gradual or sudden loss.** We do not cover any loss caused by wear and tear, gradual deterioration, rust, fungi, bacteria, mold, corrosion, dry or wet rot, warping, insects or vermin. We also do not cover any loss caused by inherent vice, latent defect or mechanical breakdown. But we do insure ensuing covered loss unless another exclusion applies.



---

## **Exclusions**

(continued)

**Contamination.** We do not cover any loss caused by contamination, pollution, smog, or industrial or agricultural smoke. Nor do we cover the cost to extract pollutants or contaminants from land or water, or the cost to remove, restore or replace polluted or contaminated land or water. A "pollutant" is any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. A "contaminant" is an impurity resulting from the mixture of or contact of a substance with a foreign substance. "Waste" includes materials to be disposed of, recycled, reconditioned or reclaimed.

**Loss by animals.** We do not cover any loss caused by birds, vermin, insects, rodents, or domestic animals except loss to glass that is part of a building, storm door, or storm window. But we do insure ensuing covered loss unless another exclusion applies.

**Structural movement.** We do not cover any loss caused by the settling, cracking, shrinking, bulging, or expansion of pavements, patios, foundations, walls, floors, roofs, or ceilings except loss to glass that is part of a building, storm door, or storm window. But we do insure ensuing covered loss unless another exclusion applies.

**Special rules for escaping water.** If any of the causes of loss previously described (gradual or sudden loss, contamination, loss by animals, or structural movement) cause water to escape from a household appliance, swimming pool, or plumbing, heating, or air conditioning system, we cover the loss caused by the water. We also cover the cost of tearing out and replacing any part of a building necessary to repair the system or appliance. But we do not cover loss to the system or appliance itself.

**Freezing water.** We do not cover any loss caused by water freezing in a plumbing, heating, or air conditioning system, or household appliance if the house is vacant, unoccupied, or being constructed, unless you used reasonable care to maintain heat in the building or shut off and drained the water system or appliance. But we do insure ensuing covered loss unless another exclusion applies.

**Surface water.** We do not cover any loss caused by flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, even if it is driven by wind. But we do insure ensuing covered loss unless another exclusion applies.

**Ground water.** We do not cover any loss caused by water in the ground, or by its pressure, leaking, or seepage. But we do insure ensuing covered loss unless another exclusion applies.

**Water damage to outside structures.** We do not cover certain kinds of loss to a fence, pavement, patio, swimming pool, hot tub, septic system, foundation, retaining wall, bulkhead, pier, wharf, dock, or bridge. These are losses caused by freezing, thawing, or the pressure or weight of water or ice, even if the water or ice is driven by wind. But we do insure ensuing covered loss unless another exclusion applies.

**Deluxe House  
Coverage**

---

**Exclusions**

(continued)

**Neglect.** We do not cover any loss caused by your failure to use all reasonable means to protect property before, at, or after the time of a loss.

**Intentional acts.** We do not cover any loss caused intentionally by you or a family member, or by a person directed by you or a family member to cause a loss. An intentional act is one whose consequences could have been foreseen by a reasonable person.

**Faulty planning, construction or maintenance.** We do not cover any loss caused by the faulty acts, errors or omissions of you or any other person in planning, construction or maintenance. It does not matter whether the faulty acts, errors or omissions take place on or off the insured property. But we do insure ensuing covered loss unless another exclusion applies. "Planning" includes zoning, placing, surveying, designing, compacting, setting specifications, developing property and establishing building codes or construction standards. "Construction" includes materials, workmanship, and parts or equipment used for construction or repair.

**Earthquake.** We do not cover any loss caused by earthquake unless shown in your Coverage Summary for that location. But we do insure ensuing covered loss due to fire, explosion, theft, or glass breakage unless another exclusion applies.

**Earth movement.** We do not cover any loss caused by earth movement including volcanic eruptions, landslides, mud flows, and the sinking, rising, or shifting of land. But we do cover losses caused by the eruption of a volcano when the loss is the result of:

- a volcanic blast or airborne shock waves;
- ash, dust, or particulate matter; or
- lava flow.

We also insure ensuing covered loss due to fire, explosion, theft, or glass breakage unless another exclusion applies.

**Acts of war.** We do not cover any loss caused directly or indirectly by war, undeclared war, civil war, insurrection, rebellion, revolution, warlike acts by military forces or personnel, the destruction or seizure of property for a military purpose, or the consequences of any of these actions.

**Nuclear or radiation hazard.** We do not cover any loss caused directly or indirectly by nuclear reaction, radiation, or radioactive contamination, regardless of how it was caused. But we do insure ensuing covered loss due to fire resulting from a nuclear hazard unless another exclusion applies.

**Masterpiece®****Deluxe Contents  
Coverage**

This part of your Masterpiece Policy provides you with coverage against all risk of physical loss to your contents anywhere in the world unless stated otherwise or an exclusion applies.

"Contents" means unscheduled personal property you or a family member owns or possesses.

---

## **Payment for a Loss**

### **Amount of coverage**

The amount of contents coverage for each house is shown in the Coverage Summary. You agree that we may change this amount when appraisals are conducted and when the policy is renewed, to reflect current costs and values.

At the time of a covered loss, your amount of contents coverage will include any increase in the United States Consumer Price Index from the beginning of the policy period to reflect the current effect of inflation.

If, after a covered loss to both house and contents, we pay more than the amount of house coverage because of extended replacement cost, we will automatically increase the amount of contents coverage for that loss by the same percentage that we increased the amount of house coverage.

For a covered loss to contents, the amount of coverage depends on where the loss occurs:

**At a house with contents coverage.** If the covered loss takes place at a listed house with contents coverage in this policy, we will pay up to the amount of contents coverage for that house, for each occurrence.

**Away from your residences.** If the covered loss takes place away from any residence you own or live at, for each occurrence we will choose the single listed location on which the payment is to be made, based upon the most favorable combination of the following:

- amount of contents coverage
- payment basis
- type of contents coverage

**At your residence not listed in this policy.** If the covered loss takes place at a residence you own or live at that does not have contents, condominium, cooperative or renters coverage listed in this policy, we will pay up to 10% of the highest amount of contents coverage in this policy, for each occurrence. However, contents in a newly acquired principal residence is not subject to this limitation, for the 60 days immediately after you begin to move your contents there.

---

In either case, we will choose the single listed location on which the payment is to be made, based upon the most favorable combination of the following:

- amount of contents coverage
- payment basis
- type of contents coverage

### **Deductible**

A deductible listed in the Coverage Summary applies to each occurrence. But it does not apply to a covered loss of more than \$50,000.

---

## **Payment for a Loss**

(continued)

### **Payment basis**

Your Coverage Summary indicates the payment basis for contents.

**Replacement cost.** If the payment basis is replacement cost, we will pay the full cost to replace the contents without deduction for depreciation, or the amount required to repair the damage, whichever is less, up to the amount of coverage.

However, for contents which are obsolete or unusable for the purpose for which they were originally intended because of their age or condition, the payment basis will be actual cash value.

**Actual cash value.** If the payment basis is actual cash value, we will pay the cost to replace the contents less depreciation, or the amount required to repair the damage, whichever is less, up to the amount of coverage.

**Pairs, sets, and parts.** For a covered loss to a pair or set, or to part of a larger unit, we will pay whichever is least:

- the cost to repair the damaged property to its condition before the loss;
- the cost to replace it; or
- the cost to make up the difference between its market value before and after the loss.

However, if you agree to surrender the undamaged article(s) of the pair, set, or parts to us and we agree to accept, we will pay you the full replacement cost of the entire pair, set, or parts.

### **Special limits**

For a covered loss to the following types of contents, we will not pay more than the amounts shown. These special limits do not increase the amount of coverage on your contents or on any item covered elsewhere in this policy.

Money, bank notes, bullion, gold, silver, or platinum . . . . . \$1,000

Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, passports, or tickets . . . . . \$5,000

However, when this property is located in a bank vault or bank safe deposit box, your full contents coverage away from your residences will apply for a covered loss.

Trailers . . . . . \$3,000

~~Watercraft, including their furnishings, equipment, and outboard motors . . . . . \$2,000~~

Jewelry, watches or precious and semi-precious stones, whether set or unset, that are lost, misplaced, or stolen . . . . . \$5,000

Furs that are lost, misplaced, or stolen . . . . . \$5,000

Plated ware, silverware, goldware, pewterware, tableware, trays, trophies, and other household and personal articles, other than jewelry, that consist principally of sterling silver, gold, or pewter that are lost, misplaced, or stolen . . . . . \$5,000

**Deluxe Contents  
Coverage**

---

**Payment for a Loss**

(continued)

Collectible stamps, coins, and medals .....	\$5,000
However, when this property is located in a bank vault or bank safe deposit box, your full contents coverage away from your residences will apply for a covered loss.	
Guns that are lost, misplaced, or stolen. ....	\$5,000
Grave markers .....	\$5,000

---

**Deluxe Contents Coverage**

In Deluxe Contents Coverage, a "covered loss" includes **all risk** of physical loss to your contents or other property covered under this part of your Masterpiece Policy, unless stated otherwise or an exclusion applies. Exclusions to this coverage are described in **Exclusions**.

---

**Extra Coverages**

In addition to covering the physical loss to your contents, we also provide other related coverages. These payments are in addition to the amount of coverage for your contents unless stated otherwise or an exclusion applies. The deductible applies to Extra Coverages unless stated otherwise. Exclusions to these coverages are described in **Exclusions**.

**Incidental business property**

We will pay up to \$10,000 for a covered loss to furnishings, supplies, and equipment of an incidental business conducted at your residence premises, including business data stored in a computer. The same payment basis applies to incidental business property as to contents.

"Incidental business" is a business activity which meets all of the following requirements:

- does not have gross revenues of \$5,000 or more in any one year, other than the management of one's own investments;
- has no employees subject to workers' compensation or other similar disability laws;
- conforms to local, state, and federal laws.

"Business data" means business facts or records.

---

**Data replacement**

We cover personal data stored in a computer in your house. We will pay up to \$5,000 for replacing personal data as a result of a covered loss.

"Personal data" means your personal facts or records. It does not include any hardware, software, or materials on which data is recorded, including magnetic tapes, disk packs, paper tapes, and cards.

---

## **Extra Coverages**

(continued)

### **Endangered property**

Covered contents removed from your house because the house is endangered by a covered peril are covered against any peril for up to 90 days. These payments do not increase the amount of coverage for your contents.

---

## **Exclusions**

These exclusions apply to your Deluxe Contents Coverage, including the Extra Coverages, unless stated otherwise.

The words "caused by" mean any loss that is contributed to, made worse by, or in any way results from that peril.

**Gradual or sudden loss.** We do not cover any loss caused by wear and tear, gradual deterioration, rust, fungi, bacteria, mold, corrosion, dry or wet rot, warping, insects or vermin. We also do not cover any loss caused by inherent vice, latent defect or mechanical breakdown. But we do insure ensuing covered loss unless another exclusion applies.

**Contamination.** We do not cover any loss caused by contamination, pollution, smog, or industrial or agricultural smoke. Nor do we cover the cost to extract pollutants or contaminants from land or water, or the cost to remove, restore or replace polluted or contaminated land or water. A "pollutant" is any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. A "contaminant" is an impurity resulting from the mixture of or contact of a substance with a foreign substance. "Waste" includes materials to be disposed of, recycled, reconditioned or reclaimed.

**Loss by animals.** We do not cover any loss caused by birds, vermin, insects, rodents, or domestic animals. But we do insure ensuing covered loss unless another exclusion applies.

**Special rules for escaping water.** If any of the causes of loss previously described (gradual or sudden loss, contamination, or loss by animals) cause water to escape from a household appliance, swimming pool, or plumbing, heating, or air conditioning system, we cover the loss caused by the water. But we do not cover the loss to the system or appliance itself.

**Freezing water.** We do not cover any loss caused by water freezing in a plumbing, heating, or air conditioning system, or household appliance if the house is vacant, unoccupied, or being constructed, unless you used reasonable care to maintain heat in the building or shut off and drained the water system or appliance. But we do insure ensuing covered loss unless another exclusion applies.

**Surface water.** We do not cover any loss caused by flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these, even if it is driven by wind. But we do insure ensuing covered loss unless another exclusion applies. We also cover surface water damage to contents away from any residence you own or live at.



**Deluxe Contents  
Coverage**

---

**Exclusions**

(continued)

**Ground water.** We do not cover any loss caused by water in the ground, or by its pressure, leaking, or seepage. But we do insure ensuing covered loss unless another exclusion applies. We also cover ground water damage to contents away from any residence you own or live at.

**Power interruption.** We do not cover food spoilage losses caused by power interruption as a result of brownout or blackout. But we do cover other ensuing physical loss to the insured property unless another exclusion applies.

**Computer error.** We do not cover any loss resulting from an error in computer programming or instructions to the computer.

**Business property.** We do not cover any loss to business property unless it is incidental business property covered as an Extra Coverage.

**Tenant property.** We do not cover any loss to property of roomers, boarders, or other tenants. But we do cover personal property of your guests, domestic workers or relatives while it is in any home occupied by you or a family member.

**Motorized land vehicles.** We do not cover any loss to a motorized land vehicle. But we do cover motorized land vehicles used solely on and to service a residence premises shown in the Coverage Summary. We also cover motorized land vehicles used to assist the disabled that are not designed for or required to be registered for use on public roads.

**Theft of sound equipment from a motorized land vehicle.** We do not cover any theft of sound reproducing, receiving, and transmitting equipment from a motorized land vehicle if the equipment is operated by power from the electrical system of that vehicle. This includes radios, tape players, CBs, scanning monitors, televisions, and any other similar equipment, including their accessories and antennas.

**Repairs and renovations.** We do not cover loss caused by repairing, refinishing, or renovating any kind of property except jewelry, watches, and furs.

**Watercraft accidents.** We do not cover any loss caused by the sinking, swamping, stranding, or collision of a watercraft or its trailer, equipment, or outboard motor. But we do cover collision of a watercraft with a land vehicle unless another exclusion applies.

**Dampness or temperature.** We do not cover any loss caused by air dampness or temperature extremes unless the direct cause of loss is rain, snow, sleet, or hail.

---

**Confiscation.** We do not cover any loss caused by the confiscation, destruction, or seizure of property by any government or public authority.

**Deluxe Contents  
Coverage**

---

**Exclusions**

(continued)

**Breakage of fragile articles.** We do not cover breakage of fragile articles, including any type of: eyeglasses, crystal, china not regularly used, porcelains, figurines, statues, sculptures, mirrors, bric-a-brac and similar items. But we do cover breakage caused by fire, lightning, wind, hail, or smoke (except industrial or agricultural smoke); by explosion, riot, civil commotion, aircraft, or vehicles; by vandalism, malicious mischief, or collapse of a building or part of a building; by earth movement, earthquake, water, theft, or attempted theft; or by the sudden and accidental tearing apart, cracking, burning, or bulging of a plumbing, heating, or air conditioning system or household appliance, unless another exclusion applies. However, we do not cover breakage of fragile articles of a house with Vacation Home House Coverage caused by earthquake unless earthquake coverage is shown in your Coverage Summary for the Vacation Home location.

Fragile articles do not include jewelry, watches, bronzes, cameras, and photographic lenses.

**Loss to animals.** We do not cover any loss to animals, birds, or fish.

**Aircraft.** We do not cover any loss to an aircraft or aircraft parts.

**Intentional acts.** We do not cover any loss caused intentionally by you or a family member, or by a person directed by you or a family member to cause a loss. An intentional act is one whose consequences could have been foreseen by a reasonable person.

**Misappropriation.** We do not cover any loss to contents caused by the taking or other misappropriation of the contents from you or a family member by your spouse or another family member.

**Faulty planning, construction or maintenance.** We do not cover any loss caused by the faulty acts, errors or omissions of you or any other person in planning, construction or maintenance. It does not matter whether the faulty acts, errors or omissions take place on or off the insured property. But we do insure ensuing covered loss unless another exclusion applies. "Planning" includes zoning, placing, surveying, designing, compacting, setting specifications, developing property and establishing building codes or construction standards. "Construction" includes materials, workmanship, and parts or equipment used for construction or repair.

**Neglect.** We do not cover any loss caused by your failure to use all reasonable means to protect property before, at, or after the time of a loss.

**Earthquake.** We do not cover any loss caused by earthquake unless shown in your Coverage Summary for that location. But we do insure ensuing covered loss due to fire, explosion, theft, or glass breakage unless another exclusion applies. This exclusion applies only to contents of each house with Vacation Home House Coverage as shown in the Coverage Summary.

**Acts of war.** We do not cover any loss caused directly or indirectly by war, undeclared war, civil war, insurrection, rebellion, revolution, warlike acts by military forces or personnel, the destruction or seizure of property for a military purpose, or the consequences of any of these actions.

**Nuclear or radiation hazard.** We do not cover any loss caused directly or indirectly by nuclear reaction, radiation, or radioactive contamination, regardless of how it was caused. But we do insure ensuing covered loss due to fire resulting from a nuclear hazard unless another exclusion applies.